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Thank you for the opportunity to appear before you today to testify on the very important and timely issue of the recently concluded East Asia and U.S.-ASEAN Summits. I would also like to thank the Committee for its continued leadership in advancing U.S. interests and supporting and promoting engagement with the Asia-Pacific region.

Advancing the Rebalance

Let me begin by noting that just two weeks ago, President Obama made his ninth trip to the Asia-Pacific, a reflection of the continued importance of the region to U.S. national interests and the Administration's commitment to advancing the Rebalance strategy. With nearly half of the earth's population, more than one-third of global GDP, and some of the world's most capable militaries, the Asia-Pacific is increasingly central to U.S. political and economic interests. The *quality* of that growth is essential to ensuring that the benefits reach the most vulnerable people, promote environmental responsibility, and ensure the rule of law and a free and fair market economy. The region's dynamism, expanding trade and investment, growing ranks of capable powers, and increasing people-to-people ties with the United States present extraordinary opportunities that this Administration is seizing. At the same time, Asia presents clear challenges in the years ahead, including concerns related to nuclear proliferation, intensifying maritime and territorial disputes, a mixed human rights record across the region, and transnational challenges ranging from climate change to extreme poverty to terrorism. It was in recognition of these opportunities and challenges for the United States that President Obama launched the Asia Rebalance early in his Administration. Our priority is to strengthen cooperation among our partners in the region, leveraging their significant and growing capabilities to build a network of states that sustains and strengthens a rules-based regional order and addresses regional and global challenges. Today, our strategy is yielding concrete results as we continue to lay the groundwork for U.S. engagement in the years ahead.

One of the most vital aspects of the rebalance is the sustained focus that we have placed on Southeast Asia and the ten countries that make up the Association of Southeast Asian Nations or ASEAN. Collectively, the members of ASEAN are home to 660 million people and make up the world's seventh largest economy. ASEAN is the United States' fourth largest trading partner, and our private sector is the largest investor in ASEAN. It is a region where some countries have seen significant progress in consolidating democracy and respect for human rights – Burma's recent elections are an example of this – but there continue to be setbacks as well. Given its strategic location and the essential role it plays in the region's multilateral institutions, including the East Asia Summit, ASEAN is at the core of one of the world's most dynamic regions. In recognition of this, we have pursued what I would call a "rebalance within the rebalance" to place appropriate emphasis on Southeast Asia and to engage more broadly and deeply than ever

before. That's why we made the decision to appoint a resident U.S. Ambassador to ASEAN and to join the East Asia Summit. It's why we decided to create the Lower Mekong Initiative, which is helping to promote sustainable economic development in mainland Southeast Asia to close the development gap within ASEAN. And it's why we decided to start the Young Southeast Asian Leaders Program, which now engages 55,000 people between the ages of 18 and 35 across all ten ASEAN nations.

Taking the US-ASEAN Partnership to the Next Level

This year in particular has been a big one for ASEAN and for our engagement with the organization. At the end of this month, ASEAN will formally launch what it calls the ASEAN Community, after a decades-long process in which ASEAN member states have made a concerted effort to deepen their political, economic, and social ties with one another to form a more cohesive bloc. ASEAN's deeper integration supports U.S. economic and geopolitical interests, and the United States has made a significant contribution to the development of the ASEAN Community. Through our regional assistance funds we have, for example, helped ASEAN create a Single Window customs facilitation system that will help to expedite intra-ASEAN trade and make it easier for U.S. businesses to operate in the region. We have supported young scientists, women entrepreneurs, judges and small business, all in the name of fostering integration as well as good governance and human rights. For instance, the U.S.-ASEAN Business Alliance for Competitive SMEs, a public-private partnership between USAID and the U.S.-ASEAN Business Council, has already trained 3,500 SMEs — with nearly half of the individuals trained being women entrepreneurs — in all ten member states since its launch just over one year ago.

At the U.S.-ASEAN Summit, the President and the leaders of ASEAN endorsed the formal elevation of the U.S.-ASEAN relationship to a strategic partnership, signifying our shared commitment to strengthen cooperation across a broad set of strategic priorities. We also launched our US-ASEAN Plan of Action 2016-2020, outlining the policy and programmatic areas of focus in our relationship over the next five years, including a renewed focus on maritime cooperation, trafficking in persons, and women's empowerment. We are pleased to note that on November 21, ASEAN signed the ASEAN Convention Against Trafficking in Persons, Especially Women and Children. This regional legal instrument represents an important step forward in preventing trafficking, prosecuting the perpetrators, and protecting the survivors. USAID supports ASEAN to establish regional standards that member states can use to adjust legal frameworks to implement the Convention's provisions to support victims of trafficking, allowing better collaboration and coordination among countries to protect victims and prevent trafficking. Over the last five years we have established a strong foundation for the US-ASEAN partnership – now we are looking ahead to set ambitious goals for what we can achieve together. The President invited the ASEAN leaders to a special summit in the United States in 2016 to build on the momentum of our new strategic partnership and focus our relationship on future opportunities and challenges. The ASEAN leaders accepted the invitation, evidence of their strong interest in further propelling U.S.-ASEAN relations.

Charting a course for the future of the US-ASEAN relationship not only strengthens our partnership with that institution and the ten countries of ASEAN – it also bolsters the platform for working with ASEAN to advance our broader regional goals, including: affirming the EAS as the region's premier, leader-led forum for strategic discussions of political and security issues; promoting greater regional cooperation on transnational challenges, including countering violent

extremism, cyber security, trafficking in persons, and climate change; lowering the barrier to cooperation in addressing regional challenges; and, strengthening the region's cohesiveness in upholding a rules-based order to manage disputes peacefully, including maritime and territorial disputes in the South China Sea.

East Asia Summit: Premier Forum for Political Security Issues

While the region has a number of institutions and arrangements to address economic and trade issues, the EAS is the region's sole leaders-led institution focused on political and security issues. With a range of complicated and contentious transnational issues – from maritime disputes to countering violent extremism – facing the region, the United States is committed to strengthening the EAS as the go-to forum for tackling these issues in the Asia-Pacific. Over the life of our membership, we have successfully shaped the EAS agenda to focus on political and security issues. EAS members have embraced the goal of using this institution to promote a rules-based approach to managing inter-state relations, promote strategic trust, and ensure transparent and predictable behavior.

The EAS began as a forum to bring together leaders for open discussion on key issues, and has rapidly developed into an agenda-setting organization for the region. In just the last twelve months, the EAS has demonstrated its relevance by taking proactive stances on a range of political-security issues facing the region and the world including ISIL and violent extremism, Ebola and global health security, Iran's nuclear program, and maritime cooperation in the South China Sea.

Now, the EAS members are moving to strengthen the institution itself to make it more capable of advancing regional goals. A key achievement at the recent Summit was the endorsement by leaders of a 10th anniversary declaration that sets out concrete steps for further strengthening the institution. These include:

- An enhanced role for the EAS chair to ensure leaders' decisions are implemented, and to connect the work of the EAS with other ASEAN-based regional institutions;
- Establishing regular engagement in Jakarta between the Ambassadors to ASEAN of EAS members to follow up on leaders' decisions and exchange information on regional security policies and initiatives; and,
- The creation of a dedicated unit to support the EAS within the ASEAN Secretariat in Jakarta.

These steps will help move the EAS toward being an institution that can prioritize issues, discuss and respond to them in a timely fashion, and lay the foundation for tackling them.

Tackling Transnational Challenges

In Kuala Lumpur, the leaders of the EAS also came to consensus on key regional challenges including maritime issues, cyber-security, preventing health pandemics, and countering violent extremism.

In adopting a statement on Countering Violent Extremism, EAS leaders sent a clear signal of the region's determination to tackle the challenge posed by ISIL and other violent extremist groups, and to respond to their efforts to spread their ideology of violence and terrorism. This followed up on last year's EAS statement where leaders committed to take actions to stem the flow of

foreign fighters to and from Syria and Iraq. At the Summit, Malaysia highlighted its new commitment to establish a digital center for countering violent-extremist messaging. We have worked closely with Malaysia as it developed the concept for this center, and we are exploring ways to support it.

This year leaders adopted a statement proposed by the United States on transnational cyber issues, reflecting the priority we place on cyber issues. The statement emphasized the importance of regional cooperation to improve the security and stability of cyber networks. It set an important precedent for strengthening practical cooperation, risk reduction, and confidence-building in cyberspace among EAS members.

Leaders also adopted a statement on regional health security in responding to diseases with pandemic potential. So far this century, the East Asia region has seen the outbreaks of Severe Acute Respiratory Syndrome (SARS) in 2003; Avian Influenza (H5N1) in 2005; a further Influenza Pandemic (H1N1) in 2009; and the outbreak this year in Korea of Middle East Respiratory Syndrome (MERS). Leaders committed to improve health surveillance systems in each nation, and emphasized the importance of information sharing to ensure the region can quickly detect and respond to potential pandemics.

Finally, Leaders adopted a statement on Maritime Cooperation sponsored by Indonesia, which commits all EAS members to upholding a rules-based maritime order. It commits EAS members to cooperate in tackling regional maritime problems, including preventing incidents at sea, illegal, unreported and unregulated fishing, irregular migration and piracy, and to work together to protect the marine environment. Members committed to observe international law, as reflected in the 1982 UN Law of the Sea Convention (UNCLOS), to ensure all countries enjoy freedom of navigation and overflight. As we work to address the rising tensions in the South China Sea, this statement is an illustration of the strong regional consensus in working together to uphold rules and norms in the maritime space in the Asia-Pacific.

While the East Asia Summit is a relatively new organization, its members are building the consensus necessary to not only prioritize key regional issues, but also to begin forging solutions to them.

South China Sea

At the EAS and the ASEAN Summits the President directly addressed the maritime disputes in the South China Sea, and strongly encouraged the relevant countries in the region to take steps to lower tensions and to address disputes peacefully and in accordance with international law.

As we have outlined previously, this administration has a comprehensive strategy on the South China Sea, which includes building regional consensus behind principles that undergird the rules-based order; standing up for the right of claimants to pursue peaceful dispute settlement mechanisms such as the arbitration process; enhancing maritime capacity of claimants; strengthening coordination with and among partners and allies on maritime issues; increasing our military presence; urging reciprocal steps by all claimants to lower tensions; and, engaging candidly and consistently with Beijing at all levels to underscore our expectation that China will adhere to assurances about not militarizing outposts, upholding freedom of navigation and overflight, and peacefully resolving disputes. We view events in the South China Sea as linked

to our fundamental national interest in upholding a rules-based international order, where rules and norms, not size or strength, guide outcomes to disputes.

Tension over the South China Sea is a serious concern for all EAS members, a fact reflected in the statements by 15 of the 18 leaders on the subject during the EAS Summit conversation. It also was noteworthy that ten leaders at the EAS Summit also emphasized the importance of non-militarization of outposts, reflecting a growing regional coalescence around the importance of reducing risk of unintended incidents. By bringing the region's leaders together to focus on this issue, the EAS reaffirmed in no uncertain terms that it has a vital role to play in tackling this challenge.

While the United States is not a claimant and takes no position on the sovereignty of particular features in the South China Sea, the President used the East Asia Summit to convey the United States' deep and abiding commitment to upholding the principles of freedom of navigation and overflight and other lawful uses of the sea, adherence to international law, respect for unimpeded lawful commerce, and peaceful management and resolution of disputes. The President made clear that the United States will stand by our treaty obligations and security commitments. He also expressed support for the region's effort to accelerate negotiation of a China-ASEAN Code of Conduct to provide rules of the road in the South China Sea. And the President also noted the unanimous October 29 decision of the arbitral tribunal regarding its jurisdiction in the Law of the Sea Convention case between the Philippines and China, expressing support for the right of states to pursue arbitration.

The President, along with many other leaders, highlighted the region's expectation that China follow through on President Xi's recent assurance that China would not militarize new outposts. The East Asia Summit's Chairman's Statement – a reflection of the leaders' discussion – specifically referenced President Xi's commitment to non-militarization of outposts. The Statement also reaffirmed the importance of peace, stability and security and upholding freedom of navigation in, and overflight above, the South China Sea. The Chairman's Statement encourages all claimants to resolve their differences through peaceful means, in accordance with the UN Law of the Sea Convention. In other words, the aspirations of the region, as reflected in the Chairman's Statement, closely align with our whole-of-government approach to maritime issues.

U.S. engagement has been crucial in placing the South China Sea and maritime cooperation at the top of the agenda in the region's multilateral forums. The South China Sea was also discussed at other Summits hosted in Malaysia in November – the ASEAN's own Summit, the ASEAN-United States Summit and the ASEAN-China Summit. ASEAN sent a strong signal this year, referring specifically in its own Summit statement to the concern of some leaders about the possible militarization of outposts. In the language of these Summits, that was a direct and unmistakable signal to China expressing concern over its extensive reclamation and construction activities. ASEAN leaders also indicated their commitment to conclude an ASEAN-China Code of Conduct for the South China Sea, which the President encouraged countries to speed up as an important tool to lower tensions.

More so than in years past it was clear that the countries of the Asia-Pacific are concerned about China's activities and the increasing tensions – and are using the ASEAN meetings to express those concerns openly to China's top leaders. Furthermore, the chorus of support voiced for no further militarization of outposts and for upholding freedom of navigation and overflight in the

South China Sea is a real step forward, one that we intend to work with others in the region to build on in the coming weeks and months.

These diplomatic efforts are supported by our provision of maritime assistance to the region. Over the next two years, and subject to appropriations, we are committed to providing over \$250 million from across the U.S. government to support the maritime capabilities of Southeast Asian countries, including the Philippines, Vietnam, Indonesia, and Malaysia. This assistance will also help our partners develop the necessary infrastructure and logistical support, strengthen their institutions, and enhance their practical skills to develop sustainable and capable maritime forces.

Fundamentally, these maritime security issues are about rules, not rocks. The question is whether countries work to uphold international legal rules and standards, or whether they flout them. It's about whether countries work together with others to uphold peace and stability, or use coercion and intimidation to secure their interests.

The peaceful management and resolution of disputes in the South China Sea is an issue of immense importance to the United States, the Asia-Pacific region, and the world. This is a key strategic challenge in the region. And I want to reaffirm here today that we will continue to champion respect for international law, freedom of navigation and overflight and other internationally lawful uses of the seas related to those freedoms, unimpeded lawful commerce, and the peaceful resolution of disputes.

APEC

Finally, while my colleague Bruce Hirsh will address APEC in more detail, I'd like to note that as we view the EAS as the premier forum for political and security issues, we view APEC as the premier economic forum in the region for advancing free and open trade and investment, as well as for fostering cooperation in promoting sustainable and equitable growth. The United States priority in APEC is to enhance regional integration and stability, while establishing systems conducive to U.S. economic competitiveness. APEC is also a vital forum to address transnational issues such as health and the environment.

At the recent APEC Ministerial and Leaders' meetings in Manila, in addition to trade-related outcomes, the United States also advanced continuing priority initiatives which reduce barriers to trade and investment; advance climate efforts; enhance emergency preparedness and disaster resiliency; strengthen health systems, and promote women's economic participation.

Conclusion

In summary, in 2015 we built on the progress of recent years with ASEAN and established a strong foundation for advancing our interests with ASEAN and the region's multilateral institutions in 2016, and look forward to working with incoming Chair Laos to push forward on our shared goals.

Mr. Chairman and Members of the Subcommittee, thank you for this opportunity to appear before you. I will be happy to answer any questions you may have.